



STATE OF HAWAII
INSURANCE DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
P. O. BOX 3614
HONOLULU, HAWAII 96811-3614
250 S. KING ST., 5TH FLOOR
HONOLULU, HAWAII 96813

Monday, July 23, 2001

Hawaii's Captive Insurance Industry Continues to Grow in 2001

HONOLULU – “The State’s captive insurance industry continued to grow during the first half of 2001, with 7 new captive insurance companies licensed through June 30, 2001,” announced Insurance Commissioner Wayne Metcalf. “We have issued 99 licenses to date, of which 79 are actively operating, and we anticipate licensing several more by year’s end.”

The new captives licensed in 2001 include conventional programs for traditional casualty and specialty lines of coverage, as well as, two new types of structures that became available over the last two years when Governor Benjamin Cayetano signed the measures into law.

Applied Underwriters Indemnity RAC, Ltd. became Hawaii’s first Class 4 Leased Capital Facility in February 2001. The captive participates in the insuring of employee benefits related coverage for its owner and affiliates. The Leased Capital Facility is similar to Rent-A-Captives and Sponsored Captives that operate in other major captive jurisdictions such as Bermuda, the Cayman Islands, and Vermont.

MedAmerica Reinsurance Company, Inc. became Hawaii’s first Class 5 Reinsurance Captive in April 2001. The captive provides reinsurance for specialty medical professional liability coverages for U.S. insureds.

The Insurance Division also licensed a captive insurance company for one of the state’s leading privately held companies, Servco Pacific, Inc.

“Hawaii’s progressive captive insurance environment allowed us to efficiently implement and operate a facility to help us meet our financial responsibility requirements for extended service contracts that we issue to our customers”, said Mark

-M O R E-

Fukunaga, President and Chairman of the Board of Servco Pacific, Inc. He went on to add, "We are evaluating other potential opportunities that this growing industry has for our company."

"The licensing of Servco Automotive Insurance Co., Inc. represents another one of the growing number of local, national and international companies that have recognized the potential benefits and opportunities afforded by Hawaii's established captive insurance industry," said Governor Benjamin Cayetano. "Hawaii's captive insurance industry remains one of the top ten locations in the world for this kind of business, and is another example how Hawaii can maintain a world-renowned industry with local resources."

Captive insurance is a formalized approach to self-insurance, where an organizer sets up a separate legal entity that obtains a special license to provide insurance to the organizers and its affiliates. Hawaii's enabling captive legislation was signed into law on May 29, 1986. For the year-end 2000, Hawaii captives maintained over US\$ 1.5 billion in assets and wrote US\$200 million in premiums. This local industry creates specialized jobs for insurance managers, accountants, auditors, banking and investment managers and attorneys, and also enhances the State's business-oriented visitor industry.

Development and oversight of the captive insurance industry rests with the Insurance Commissioner, Insurance Division, Department of Commerce and Consumer Affairs, State of Hawaii. For more information, contact: Craig Watanabe, Captive Insurance Administrator, Insurance Division, Department of Commerce and Consumer Affairs, at 586-0981 or check the website at <http://www.state.hi.us/dcca/ins/branches3.html>

###